

**Housing Authority of the  
City of Morgan City**  
Morgan City, Louisiana

**Annual Financial Report  
As of and for the Year Ended September 30, 2014**

**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**  
Morgan City, Louisiana  
Basic Financial Statements  
As of and for the Year Ended September 30, 2014  
With Supplemental Information Schedules

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the City of Morgan City  
Morgan City, Louisiana

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Housing Authority of the City of Morgan City (the authority) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Independent Auditor's Report, 2014

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Housing Authority of the City of Morgan City as of September 30, 2014, and the respective changes in net financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the authority's basic financial statements. The Financial Data Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Financial Data Schedule, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Independent Auditor's Report, 2014

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The Schedule of Compensation of Board Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated February 13, 2015 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the authority's internal control over financial reporting and compliance.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 13, 2015

**HOUSING AUTHORITY OF MORGAN CITY, LOUISIANA**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

**SEPTEMBER 30, 2014**

**The management of Public Housing Authority of Morgan City, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2014. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.**

## **FINANCIAL HIGHLIGHTS**

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$3,059,827 at the close of the fiscal year ended 2014.
  - ✓ Of this amount \$2,704,446 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
  - ✓ Also of this amount, \$29,482 of net position is restricted for the Housing Choice Voucher program
  - ✓ The remainder of \$325,899 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 14% of the total operating expenses of \$2,323,271 for the fiscal year 2014, which means the Authority might be able to operate 1.5 months using the unrestricted assets alone, compared to 2 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$205,499, a 6% decrease from the prior fiscal year 2014. This decrease is attributable to decreases in Federal grants for both operations and capital improvements, described in more detail below.
- The decrease in net position of these funds was accompanied by a decrease in unrestricted cash by \$73,237 from fiscal year 2013, primarily due to spending \$30,800 more for operations than Federal funds received for operations.
- The Authority spent \$304,651 on capital asset additions during the current fiscal year.
- These changes led to a decrease in total assets by \$243,625 and a decrease in total liabilities by \$41,125. As related measure of financial health, there are still over \$2 of current assets covering each dollar of total current liabilities, which compares to \$2 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

### Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2014?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

### Fund Financial Statements

The Housing Authority accounts for all financial activity in a single enterprise fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in net position. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

## USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Low Rent Public Housing	\$ 600,146
Public Housing Capital Fund Program	326,263
Housing Choice Vouchers	<u>262,376</u>
Total funding received this current fiscal year	<u><u>\$1,188,785</u></u>



Housing Authority of Morgan City, Louisiana  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2014

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

## FINANCIAL ANALYSIS

The Housing Authority's net position was \$3,059,827 as of September 30, 2014. Of this amount, \$2,704,446 was invested in capital assets, and the remaining \$325,899 was unrestricted. There were \$29,482 in specific assets restricted for the Housing Choice Voucher (HCV) program.

## CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position  
 As of September 30, 2014**

	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>ASSETS</b>		
Current assets	\$539,582	\$ 587,070
Assets restricted for Housing Choice Voucher (HCV) program,	29,482	13,958
Capital assets, net of depreciation	<u>2,704,446</u>	<u>2,916,107</u>
Total assets	<u>3,273,510</u>	<u>3,517,135</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred payments to government assistance programs	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities	200,845	243,352
Non-current liabilities	<u>12,838</u>	<u>11,456</u>
Total liabilities	<u>213,683</u>	<u>254,808</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenues from government assistance programs	<u>-</u>	<u>-</u>
<b>NET POSITION (DEFICIT)</b>		
Invested in capital assets, net of depreciation	2,704,446	2,916,107
net position restricted for the Housing Choice Voucher program	29,482	13,958
Unrestricted net position	<u>325,899</u>	<u>332,262</u>
Total net position	<u><u>\$3,059,827</u></u>	<u><u>\$ 3,262,327</u></u>

Housing Authority of Morgan City, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2014

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net position of these funds decreased by \$205,499, or by 6%, from those of fiscal year 2013, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position  
Fiscal Year Ended September 30, 2014**

	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>OPERATING REVENUES</b>		
Tenant rental revenue	\$ 636,017	\$ 613,014
Government grants for operations	881,011	1,313,314
Other tenant revenue	256,399	226,879
Total operating revenues	<u>1,773,427</u>	<u>2,153,207</u>
<b>OPERATING EXPENSES</b>		
General	443,962	471,049
Ordinary maintenance and repairs	456,437	494,236
Administrative expenses	351,369	410,764
Utilities	333,257	314,517
Federal Housing Assistance Payments (HAP) to landlords & Ports	223,133	280,724
Depreciation	516,313	556,806
Tenant services	800	3,920
Total operating expenses	<u>2,325,271</u>	<u>2,531,477</u>
Income (losses) from operations	<u>(721,724)</u>	<u>(378,270)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	353	262
Other non-tenant revenue	44,341	19,454
Total non-operating revenues (expenses)	<u>44,694</u>	<u>19,716</u>
Income (losses) before capital contributions	<u>(507,150)</u>	<u>(358,554)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>304,650</u>	<u>472,434</u>
<b>CHANGES IN NET POSITION</b>	<u>(202,500)</u>	<u>113,880</u>
<b>NET POSITION, BEGINNING OF FISCAL YEAR</b>	<u>3,262,327</u>	<u>3,148,447</u>
<b>NET POSITION, END OF FISCAL YEAR</b>	<u><u>\$3,059,827</u></u>	<u><u>\$3,262,327</u></u>

## **EXPLANATIONS OF FINANCIAL ANALYSIS**

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$354,802, or by 16%, from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue increased by \$52,523, or by 7%, from that of the prior fiscal year, due to the amount of rent each tenant pays which is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total.
- Federal revenues from HUD for operations decreased by \$432,303, or by 32%, from that of the prior fiscal year. The primary reason for this decrease is due to the receipt of a non-recurring CDBG grant in the prior year.
- Federal Capital Funds from HUD decreased by \$167,784, or by 36%, from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2011 through 2013.
- Total other non-operating revenue increased by \$24,978, or by 55% 126%, from that of the prior fiscal year.
- Management and other fees increased by \$5,674, or by 3%, from that of the prior fiscal year.
- Interest income totaling \$354, did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating and non-operating expenses decreased \$216,513, or by 8%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense decreased by \$39,955, or by 7%, from that of the prior fiscal year, because existing capital assets are reaching the end of their estimated useful lives.
- Maintenance and repairs decreased by \$28,783, or by 6%, from that of the prior fiscal year, due to several factors: Repair staff wages decreased by \$15,183, and related employee benefit contributions decreased by \$14,941. In addition, materials used decreased by \$44,846, or by 28%, and contract labor costs increased by \$46,187, or by 48%.
- General Expenses decreased by \$27,089, or by 6%, from that of the prior fiscal year, and payments in lieu of taxes (PILOT) increased by \$2,826, or by 6%. PILOT is calculated as a percentage of rent minus utilities which, therefore, changed proportionately to the changes in each of these. Insurance premiums decreased by \$21,539, or by 5%, since property and casualty insurance premiums decreased; whereas, other general expenses decreased by \$1,221, or by 64%. Lastly, bad debts decreased by \$7,227, or by 37%, and compensated absences increased by \$72, or by 1%, from that of the prior fiscal year.

Housing Authority of Morgan City, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2014

- Administrative Expenses decreased by \$69,700, or by 12%, from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries decreased by \$108,745, and related employee benefit contributions decreased by \$16,762; therefore, total staff salaries and benefit costs decreased by 42%. In addition, audit fees increased by \$15,231, accounting fees decreased by \$9,106, management fees paid to outside consultants decreased by \$1,194, and legal fees increased by \$9,400; thus, total outside professional fees increased by 8%. Finally, staff training/travel reimbursements decreased by \$5,536, office expenses increased by \$49,630, and sundry expenses decreased by \$2,619; therefore, other staff administrative expense increased by 41%.
- Housing Assistance Payments to landlords decreased by \$57,591, or by 21%, from that of the prior fiscal year, because there was a decrease in the number of tenants housed during the year.
- Utilities Expense increased by \$18,743, or by 6%, from that of the prior fiscal year, due to numerous cumulative factors: Water cost decreased by \$7,274, due to a decrease in rate by 22%; electricity cost increased by \$6,290, due to an increase in rate by 3%; gas cost increased by \$12,286, due to an increase in rate by 20%; and finally, other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) increased by \$19,727, or by 25%.
- Tenant Services decreased by \$3,120, or by 80%, from that of the prior fiscal year, due to a combination of factors: Though staff salaries did not change from that of the prior fiscal year, related employee benefit contributions did decrease by \$3,254, or by 100%; relocation costs decreased by \$119, or by 100%; and other tenant services increased by \$253, or by 46%.
- Casualty losses decreased by \$9,018, or by 100%, from that of the prior fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At September 30, 2014, the Housing Authority had a total cost of \$14,625,111 invested in a broad range of assets and construction in progress from projects funded in 2011 through 2013, listed below. This amount, not including depreciation, represents increases of \$304,650 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

#### **Capital Assets, Net of Accumulated Depreciation As of September 30, 2014**

	<u><b>2014</b></u>	<u><b>2013</b></u>
Land	\$ 269,500	\$ 269,500
Buildings	2,114,548	2,525,264
Leasehold improvements	96,393	87,132
Furniture and equipment	<u>224,005</u>	<u>34,008</u>
Total	<u><u>\$ 2,704,446</u></u>	<u><u>\$2,916,108</u></u>

### **Debt**

Non-current liabilities also include accrued annual vacation leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2015 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Clarence Robinson, Jr. at Public Housing Authority of Morgan City, Louisiana.

**Exhibit A**

**Housing Authority of the City of Morgan City**  
**Morgan City, Louisiana**  
**Statement of Net Position**  
**As of September 30, 2014**

**ASSETS****Current assets**

Cash and cash equivalents	242,972
Receivables:	
Tenant rents, net of allowance	2,585
Miscellaneous, net of allowance	2,428
Prepaid expenses	218,677
Inventory, net of allowance	30,785
Restricted assets - cash and cash equivalents	<u>71,617</u>

<b>Total current assets</b>	<u>569,064</u>
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**Noncurrent assets**

## Capital assets:

## Nondepreciable capital assets:

Land	<u>269,500</u>
Total nondepreciable capital assets	<u>269,500</u>

## Depreciable capital assets:

Buildings and improvements	13,930,304
Furniture and equipment	425,307
Less accumulated depreciation	<u>(11,920,665)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>2,434,946</u>

Total capital assets, net of accumulated depreciation	<u>2,704,446</u>
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<b>Total assets</b>	<u>3,273,510</u>
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<b>TOTAL ASSETS</b>	<u><u>3,273,510</u></u>
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(continued)

**Housing Authority of the City of Morgan City**  
**Morgan City, Louisiana**  
**Statement of Net Position**  
**As of September 30, 2014**

**LIABILITIES AND NET POSITION****Current Liabilities**

Accounts payable	615
Payable to other governments	93,042
Accrued compensated absences	7,685
HUD liability	1,677
Unearned revenue	55,691
Security deposit liability	42,135

<b>Total current liabilities</b>	200,845
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**Noncurrent liabilities**

Accrued compensated absences	12,838
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<b>Total noncurrent liabilities</b>	12,838
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<b>TOTAL LIABILITIES</b>	213,683
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**NET POSITION**

Net Investments in Capital Assets	2,704,446
Restricted	29,482
Unrestricted	325,899

<b>TOTAL NET POSITION</b>	\$ 3,059,827
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The accompanying notes are an integral part of these financial statements.

**Housing Authority of the City of Morgan City**  
Morgan City, Louisiana  
Statement of Revenues, Expenses, and Changes In Net Position  
For the Year ended September 30, 2014

<b>Operating Revenues</b>	
HUD Operating Grants	\$ 881,011
Dwelling Rental	636,017
Other Operating	<u>256,399</u>
<b>Total operating revenues</b>	<u>1,773,427</u>
<b>Operating Expenses</b>	
Housing Assistance Payments	223,133
General and administrative	795,331
Repairs and maintenance	456,437
Utilities	333,257
Tenant services	800
Depreciation and amortization	<u>516,313</u>
<b>Total operating expenses</b>	<u>2,325,271</u>
<b>Operating income (loss)</b>	(551,844)
<b>Nonoperating Revenues (Expenses):</b>	
Interest revenue	353
Miscellaneous revenues	<u>44,341</u>
<b>Total nonoperating revenues (expenses)</b>	<u>44,694</u>
<b>Income (loss) before other revenues, expenses, gains, losses and transfers</b>	(507,150)
Capital contributions (grants)	304,650
<b>Increase (decrease) in net position</b>	(202,500)
<b>Net position, beginning of year</b>	<u>3,262,327</u>
<b>Net position, end of year</b>	<u><u>\$ 3,059,827</u></u>

The accompanying notes are an integral part of these financial statements.



**Housing Authority of the City of Morgan City**  
**Statement of Cash Flows**  
**For the Year ended September 30, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from federal subsidies	\$ 889,062
Receipts from tenants	901,575
Payments to landlords	(223,133)
Payments to suppliers	(1,354,796)
Payments to employees	<u>(304,473)</u>
<b>Net cash provided by operating activities</b>	<u><b>(91,765)</b></u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Miscellaneous revenues	<u>44,341</u>
<b>Net cash provided by noncapital financing activities</b>	<u><b>44,341</b></u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital grants	304,650
Purchase and construction of capital assets	<u>(304,650)</u>
<b>Net cash (used in) capital and related financing activities</b>	<u><b>-</b></u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>353</u>
<b>Net cash provided by investing activities</b>	<u><b>353</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u><b>(47,071)</b></u>
<b>Cash and cash equivalents - beginning of year</b>	<u><b>361,660</b></u>
Cash and Cash equivalents - unrestricted	242,972
Cash and Cash equivalents - restricted	71,617
<b>Total Cash and Cash Equivalents - end of year</b>	<u><b>\$ 314,589</b></u>

**Reconciliation of operating income (loss) to net cash provided by operating activities:**

Operating (loss)	\$ (551,844)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	516,313
Changes in assets and liabilities:	
HUD receivable	8,051
Tenant rents, net of allowance	(1,491)
Miscellaneous receivables	(70)
Prepaid insurance	(7,373)
Inventories	(14,224)
Accounts payable	(10,592)
PILOT Payable	(7,168)
Accrued compensated absences	2,458
Unearned revenue	4,411
HUD liability	(78)
Other liability	(40,878)
Security deposit liability	<u>10,720</u>
<b>Net cash provided by operating activities</b>	<u><b>\$ (91,765)</b></u>

The accompanying notes are an integral part of the financial statements

## HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Notes to the Basic Financial Statements

September 30, 2014

*NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* The accompanying basic financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### (1) Reporting Entity

The Housing Authority of The City of Morgan City (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Morgan City, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

MCHA entered into an agreement whereby the Berwick Housing Authority (BHA) provides operational management services to MCHA. The BHA staff (ED) reports to the Board of Commissioners of MCHA. This agreement was encouraged and approved by HUD. As such, BHA is considered by MCHA to be an affiliated entity of MCHA.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB 14, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The authority has no component units, defined by GASB 14 as other legally separate organizations for which the elected authority members are financially accountable.

## HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2014 - continued

The authority is a related organization of the City of Morgan City, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

### (2) Funds

The accounts of the authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies, Section 8 Housing Assistance Subsidies, Section 8 Management Fees and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2014 - continued

(3) Measurement focus and basis of accounting

Proprietary finds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net positions.

(4) Assets, liabilities, and net Position

(a) Deposits

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

(b) Inventory and prepaid items

All inventories are valued at cost on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(c) Restricted Assets

Cash equal to the amount of tenant security deposits and Housing Assistance Payment reserves are reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net positions and are recorded at actual cost. The capitalization threshold is \$1,500. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2014 - continued

Buildings	20 years
Modernization and improvements	10 years
Furniture and equipment	3-5 years

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2014, the management of the authority did not establish an allowance for doubtful accounts.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation pay is accrued when incurred and reported as a liability.

Employees earn from 98 to 192 annual leave hours per year and may accumulate an unlimited number of annual leave hours. Employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned

(h) Restricted net Position

Net positions are reported as restricted when constraints placed on net positions use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2014 - continued

**(i) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B – DEPOSITS**

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be in Federal Securities, secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of September 30, 2014, the authority's carrying amount of deposits was \$314,589, which includes the following:

Cash and cash equivalents-unrestricted	\$242,972
Cash and cash equivalents- restricted	71,617
Total	\$314,589

**Interest Rate Risk**—The authority's policy does not address interest rate risk.

**Credit Rate Risk**—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

**Custodial Credit Risk**—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$250,000 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$121,545 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. However, these pledged securities were not Federally guaranteed which violated Federal Regulation. See Finding 2014-002 for further description regarding these securities pledged. The bank balances at September 30, 2014 totaled \$371,545.

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2014 was as follows:

	<u>9 30 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>9 30 2014</u>
<b>Nondepreciable Assets:</b>				
Land	269,500			269,500
Construction in Progress	-	-	-	-
<b>Depreciable Assets:</b>				
Building and improvements	13,104,048	304,651	-	13,408,699
Furniture and equipment	<u>946,912</u>	<u>-</u>	<u>-</u>	<u>946,912</u>
Total	<u>14,320,460</u>	<u>304,651</u>	<u>-</u>	<u>14,625,111</u>
Less accumulated depreciation				
Building and improvements	10,724,586	473,172	-	11,197,758
Furniture and equipment	<u>679,766</u>	<u>43,141</u>	<u>-</u>	<u>722,907</u>
Total accumulated depreciation	<u>11,404,352</u>	<u>516,313</u>	<u>-</u>	<u>11,920,665</u>
Net Capital Assets	<u>2,916,108</u>	<u>(211,662)</u>	<u>-</u>	<u>2,704,446</u>

**NOTE D – CONSTRUCTION COMMITMENTS**

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$576,580 remaining until completion.

**NOTE E – COMPENSATED ABSENCES**

At September 30, 2014, employees of the authority have accumulated and vested \$20,538 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$12,838 is reported in long-term debt.

**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2014 - continued

**NOTE F – LONG TERM OBLIGATIONS**

As of September 30, 2014, long term obligations consisted of compensated absences in the amount of \$12,838. The following is a summary of the changes in the long term obligations for the year ended September 30, 2014.

	<b>Compensated Absences</b>
Balance as of October 1, 2013	\$18,065
Additions	6,924
Deductions	(4,466)
Balance as of September 30, 2014	20,523
Long term portion	12,838
Amount due in one year (Short term)	\$7,685

**NOTE G – POST EMPLOYMENT RETIREMENT BENEFITS**

The authority does not provide any post employment retirement benefits. Therefore the authority does not include any entries for unfunded actuarial accrued liability, net OPEB expense, or annual contribution required.

**NOTE H - RETIREMENT PLAN**

The authority participates in the Housing Agency Retirement Trust plan, administered by Mercer, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Plan provisions and changes to the plan contributions are determined by the Board of the authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to seven percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute five percent of their annual covered salary.



**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2014 - continued

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total payroll for the year ended September 30, 2014, was \$304,473. The authority's contributions were calculated using the base salary amount of \$106,844. The authority made the required contributions of \$7,479 for the year ended September 30, 2014.

***NOTE I – RISK MANAGEMENT***

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

The authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and workers compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the authority's deductions are met.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

***NOTE J – COMMITMENTS AND CONTINGENCIES***

In 2008 MCHA agreed to a legal compromise whereby MCHA agreed to pay a former employee \$55,000 pending approval of HUD. As of this FYE HUD has not approved this payment. The MCHA insurance company denied the claim.

The MCHA financial statements do not include any liability due to this potential liability.

**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2014 - continued

***NOTE K – FEDERAL COMPLIANCE CONTINGENCIES***

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries. The authority is subject to HUD's consideration of reducing grants in order to have the authority utilize authority Equity to fund expenses.

***NOTE L – SUBSEQUENT EVENTS***

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through February 13, 2015 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

***NOTE M – ECONOMIC DEPENDENCE***

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$1,188,785 to the authority, which represents approximately 56% of the authority's total revenue for the year.

# Financial Data Schedule

## Housing Authority of the City of Morgan City (LA036) MORGAN CITY, LA

### Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$240,538	\$2,161	\$273	\$242,972		\$242,972
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		\$29,482		\$29,482		\$29,482
114 Cash - Tenant Security Deposits	\$42,135			\$42,135		\$42,135
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$282,673	\$31,643	\$273	\$314,589	\$0	\$314,589
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$1,512	\$916	\$0	\$2,428		\$2,428
126 Accounts Receivable - Tenants	\$2,585			\$2,585		\$2,585
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,097	\$916	\$0	\$5,013	\$0	\$5,013
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$216,407	\$934	\$1,336	\$218,677		\$218,677
143 Inventories			\$32,405	\$32,405		\$32,405
143.1 Allowance for Obsolete Inventories			-\$1,620	-\$1,620		-\$1,620
144 Inter Program Due From	\$43,757		\$1,569	\$45,326	-\$45,326	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$546,934	\$33,493	\$33,963	\$614,390	-\$45,326	\$569,064
161 Land	\$269,500			\$269,500		\$269,500
162 Buildings	\$12,248,231		\$521,605	\$12,769,836		\$12,769,836
163 Furniture, Equipment & Machinery - Dwellings	\$238,044			\$238,044		\$238,044
164 Furniture, Equipment & Machinery - Administration	\$168,711	\$18,562		\$187,263		\$187,263
165 Leasehold Improvements	\$1,160,468			\$1,160,468		\$1,160,468
166 Accumulated Depreciation	-\$11,613,445	-\$18,562	-\$288,668	-\$11,920,665		-\$11,920,665
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,471,509	\$0	\$232,937	\$2,704,446	\$0	\$2,704,446
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$2,471,509	\$0	\$232,937	\$2,704,446	\$0	\$2,704,446
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$3,018,443	\$33,493	\$266,900	\$3,318,836	-\$45,326	\$3,273,510

# Financial Data Schedule

## Housing Authority of the City of Morgan City (LA036) MORGAN CITY, LA

### Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$397		\$218	\$615		\$615
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable						
322 Accrued Compensated Absences - Current Portion	\$5,649		\$2,036	\$7,685		\$7,685
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs		\$1,677	\$0	\$1,677		\$1,677
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$93,042			\$93,042		\$93,042
341 Tenant Security Deposits	\$42,135			\$42,135		\$42,135
342 Unearned Revenue	\$55,691			\$55,691		\$55,691
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other						
347 Inter Program - Due To		\$1,569	\$43,757	\$45,326	-\$45,326	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$196,914	\$3,246	\$46,011	\$246,171	-\$45,326	\$200,845
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$7,239		\$5,599	\$12,838		\$12,838
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$7,239	\$0	\$5,599	\$12,838	\$0	\$12,838
300 Total Liabilities	\$204,153	\$3,246	\$51,610	\$259,009	-\$45,326	\$213,683
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$2,471,509		\$232,937	\$2,704,446		\$2,704,446
511.4 Restricted Net Position		\$29,482	\$0	\$29,482		\$29,482
512.4 Unrestricted Net Position	\$342,781	\$765	-\$17,647	\$325,899		\$325,899
513 Total Equity - Net Assets / Position	\$2,814,290	\$30,247	\$215,290	\$3,059,827	\$0	\$3,059,827
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,018,443	\$33,493	\$266,900	\$3,318,836	-\$45,326	\$3,273,510

# Financial Data Schedule

## Housing Authority of the City of Morgan City (LA036) MORGAN CITY, LA

### Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$636,017			\$636,017		\$636,017
70400 Tenant Revenue - Other	\$256,399			\$256,399		\$256,399
70500 Total Tenant Revenue	\$892,416	\$0	\$0	\$892,416	\$0	\$892,416
70600 HUD PHA Operating Grants	\$618,635	\$262,376		\$881,011		\$881,011
70610 Capital Grants	\$304,650			\$304,650		\$304,650
70710 Management Fee			\$140,573	\$140,573	-\$140,573	\$0
70720 Asset Management Fee			\$18,606	\$18,606	-\$18,606	\$0
70730 Book Keeping Fee			\$21,832	\$21,832	-\$21,832	\$0
70740 Front Line Service Fee						
70750 Other Fees			\$0	\$0		\$0
70700 Total Fee Revenue			\$181,011	\$181,011	-\$181,011	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted			\$353	\$353		\$353
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$31,782	\$7,481	\$5,078	\$44,341		\$44,341
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,847,483	\$269,857	\$186,442	\$2,303,782	-\$181,011	\$2,122,771
91100 Administrative Salaries	\$77,518		\$67,263	\$144,887		\$144,887
91200 Auditing Fees	\$15,974	\$4,957	\$6,175	\$27,106		\$27,106
91300 Management Fee	\$140,573			\$140,573	-\$140,573	\$0
91310 Book-keeping Fee	\$21,832			\$21,832	-\$21,832	\$0
91400 Advertising and Marketing	\$415	\$101	\$340	\$857		\$857
91500 Employee Benefit contributions - Administrative	\$10,566		\$16,587	\$27,153		\$27,153
91600 Office Expenses	\$86,256	\$10,960	\$19,407	\$116,623		\$116,623
91700 Legal Expense	\$3,225	\$3,225	\$3,225	\$9,675		\$9,675
91800 Travel	\$463	\$300	\$447	\$1,210		\$1,210
91810 Allocated Overhead						
91900 Other	\$16,633		\$7,225	\$23,858		\$23,858
91000 Total Operating - Administrative	\$373,556	\$19,543	\$120,675	\$513,774	-\$162,405	\$351,369
92000 Asset Management Fee	\$18,606			\$18,606	-\$18,606	\$0
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$800			\$800		\$800
92500 Total Tenant Services	\$800	\$0	\$0	\$800	\$0	\$800
93100 Water	\$26,492			\$26,492		\$26,492
93200 Electricity	\$209,233			\$209,233		\$209,233
93300 Gas	\$75,012			\$75,012		\$75,012
93400 Fuel						
93500 Labor						
93600 Sewer	\$22,520			\$22,520		\$22,520
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$333,257	\$0	\$0	\$333,257	\$0	\$333,257

# Financial Data Schedule

## Housing Authority of the City of Morgan City (LA036) MORGAN CITY, LA

### Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$159,586			\$159,586		\$159,586
94200 Ordinary Maintenance and Operations - Materials and Other	\$115,238		\$1,328	\$116,566		\$116,566
94300 Ordinary Maintenance and Operations Contracts	\$141,128		\$338	\$141,466		\$141,466
94500 Employee Benefit Contributions - Ordinary Maintenance	\$38,819			\$38,819		\$38,819
94000 Total Maintenance	\$454,771	\$0	\$1,666	\$456,437	\$0	\$456,437
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$201,689			\$201,689		\$201,689
96120 Liability Insurance	\$22,027	\$76	\$75	\$22,178		\$22,178
96130 Workmen's Compensation	\$15,528		\$1,370	\$16,898		\$16,898
96140 All Other Insurance	\$113,893	\$128	\$19,862	\$133,883		\$133,883
96100 Total Insurance Premiums	\$353,137	\$204	\$21,307	\$374,648	\$0	\$374,648
96200 Other General Expenses		\$489	\$201	\$690		\$690
96210 Compensated Absences	\$6,944		\$1,507	\$8,451		\$8,451
96300 Payments in Lieu of Taxes	\$47,934			\$47,934		\$47,934
96400 Bad debt - Tenant Rents	\$12,239			\$12,239		\$12,239
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$67,117	\$489	\$1,708	\$69,314	\$0	\$69,314
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,601,244	\$20,236	\$145,356	\$1,766,836	-\$181,011	\$1,585,825
97000 Excess of Operating Revenue over Operating Expenses	\$246,239	\$249,621	\$41,086	\$536,946	\$0	\$536,946
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$222,262		\$222,262		\$222,262
97350 HAP Portability-In		\$871		\$871		\$871
97400 Depreciation Expense	\$490,233		\$26,080	\$516,313		\$516,313
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,091,477	\$243,369	\$171,436	\$2,506,282	-\$181,011	\$2,325,271

# Financial Data Schedule

## Housing Authority of the City of Morgan City (LA036) MORGAN CITY, LA

### Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In	\$5,363			\$5,363		\$5,363
10020 Operating transfer Out	-\$5,363			-\$5,363		-\$5,363
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$243,994	\$26,488	\$15,006	-\$202,500	\$0	-\$202,500
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,058,284	\$3,759	\$200,284	\$3,262,327		\$3,262,327
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$765		\$765		\$765
11180 Housing Assistance Payments Equity		\$29,482		\$29,482		\$29,482
11190 Unit Months Available	3104	621	0	3725		3725
11210 Number of Unit Months Leased	2622	597	0	3219		3219
11270 Excess Cash	\$1,531			\$1,531		\$1,531
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$274,650		\$0	\$274,650		\$274,650
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$30,000		\$0	\$30,000		\$30,000
11660 Infrastructure Purchases	\$0		\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0		\$0

## The Housing Authority of the City of Morgan City

### *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer*

Fiscal Year Ended September 30, 2014

**Agency Head Name: Clarence Robinson, Jr., Interim Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	
Benefits-insurance	
Benefits-retirement	
Benefits-<list any other here>	
Car allowance	
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	

Morgan City Housing Authority pays management fees to Berwick Housing Authority through a temporary management agreement. There were no salaries, reimbursements or other payments made to the interim director (Executive Director for Berwick Housing Authority).



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**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

Board of Commissioners  
**Housing Authority of the City of Morgan City**  
Morgan City, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Morgan City, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated February 13, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal control that I consider to be a material weakness.

## HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Report on Internal Control... *Government Auditing Standards*, 2014

Page Two

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. See Finding 2014-005.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-005.

### The Authority's Response to Findings

The Authority's response to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 13, 2015

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**Independent Auditor's Report on Compliance For Each Major Federal Program  
and on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Commissioners  
**Housing Authority of the City of Morgan City**  
Morgan City, Louisiana

**Report on Compliance for Each Major Federal Program**

I have audited the Housing Authority of the City of Morgan City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the authority's major federal programs for the year ended September 30, 2014. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

## HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Report on Compliance...A-133, 2014

Page Two

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the authority's compliance.

### ***Basis for Qualified Opinion on Low Rent Public Housing and Housing Choice Voucher Programs***

As described in Findings 2014-001, 2014-002, 2014-003, 2014-004 and 2014-005 in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding the following:

FINDING #	CFDA #	FEDERAL PROGRAM	COMPLIANCE REQUIREMENT
2014-001	14.850	Low Rent Public Housing	Activities unallowed
2014-002	14.850 14.871	Low Rent Public Housing Housing Choice Voucher	Special Tests and Provisions
2014-003	14.871	Housing Choice Voucher	Special Tests and Provisions
2014-004	14.871	Housing Choice Voucher	Reporting
2014-005	14.850	Low Rent Public Housing	Allowable Cost

Compliance with such requirements is necessary, in my opinion, for the Authority to comply with the requirements applicable to those programs.

### ***Qualified Opinion on the Low Rent Public Housing and Housing Choice Voucher Programs***

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Low Rent Public Housing and Housing Choice Voucher Programs for the year ended September 30, 2014.

### **Other Matters**

The Housing Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Report on Compliance...A-133, 2014

Page Three

### Report on Internal Control Over Compliance

Management of the authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003, 2014-004 and 2014-005 to be material weaknesses.

The Authority's response to the internal control over compliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

Morgan City, Louisiana

Report on Compliance...A-133, 2014

Page Four

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 13, 2015

**Housing Authority of the City of Morgan City**  
Morgan City, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
<b>U.S. Department of Housing and Urban Development:</b>		
Direct Programs:		
Low Rent Public Housing	14.850a	\$ 600,146
Housing Choice Voucher Program	14.871	262,376
Public Housing Capital Fund Program	14.872	326,263
Total Federal Expenditures		<u>\$ 1,188,785</u>

See accompanying notes to schedule of expenditures of federal awards.

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

## Morgan City, Louisiana

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2014

#### **NOTE A – General**

The accompanying Schedule of Expenditures of Federal Awards presents all of the Federal awards programs of the Authority. The authority reporting entity is defined in Note 1 to the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in this schedule.

#### **NOTE B – Basis of accounting**

The accompanying Schedule of Expenditures of Federal Awards Programs is presented using the accrual basis of accounting, which is described in Note 1 to the authority's basic financial statements.

#### **NOTE C – Relationship to Basic Financial Statements**

Federal awards revenues are reported in the authority's basic financial statements as follows:

Low Rent Public Housing	\$ 600,146
Housing Choice Voucher Program	\$ 262,376
Public Housing Capital Fund Program	\$ 326,263

#### **NOTE D – Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with GAAP.

#### **NOTE E- FEDERAL AWARDS**

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 9814, "federal awards" do not include the authority's operating income from rents or investments (or other Non-federal sources). In addition, the entire amount of operating subsidy received and/or accrued during the fiscal year is considered to be expended during the fiscal year.



## Morgan City, Louisiana

## **Section I—Summary of Auditor's Results**

Type of auditor's report issued	Unmodified
---------------------------------	------------

- Material weakness(es) identified?        X   yes             no
- Significant deficiency(ies) identified?             yes        X   none reported

- Material weakness(es) identified?        X   yes             no
- Significant deficiency(ies) identified?             yes        X   none reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?   X   yes        no

14.850	Public and Indian Housing – Low Rent Program
14.871	Housing Choice Voucher Program

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

## Schedule of Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2014

The threshold used for distinguishing between Type A and B programs was \$300,000.

Auditee qualified as a low-risk auditee? ☐ yes ☒ no

### **SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

#### **FINDING 2014-005**

See SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The finding is considered both a GAS finding and an A-133 finding

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2014

## **SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COST**

### **FINDING 2014-001**

#### **FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency – HUD

CFDA # 14.850, Public Housing Program, Federal Award Year 2013 & 2014

CFDA #14.871, Housing Choice Vouchers Program, Federal Award Year 2013 & 2014

**Criteria:** The Annual Contributions Contract (ACC) and the 1937 Act of Congress prohibit Federal Programs from loaning monies to any other program or entity. Any advances of monies, even in violation of the ACC and the Act of Congress, should only be made to programs or entities with the ability to repay the advances at any time.

**Condition:** As of 9-30-2014, the Public Housing Program recorded a loan to the COCC of \$43,757. At the same time the COCC reported negative Unrestricted Net Assets in the amount of \$17,647, meaning the COCC did not have the ability to repay the debt in full.

PROGRAM	AS OF 9 30 2014	
	AR	AP
LOW RENT	43,757	
COCC		43,757

**Cause:** The Authority did not implement procedures and controls to ensure compliance with the ACC and the 1937 Act of Congress.

**Effect:** The authority violated the ACC and the 1937 Act of Congress.

**Questioned Costs:** None

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2014

**Perspective:** As of FYE the COCC owed Public Housing \$43,757. The COCC did not have adequate funds to satisfy this interprogram loan.

**Recommendation:** It is noted that the authority has made improvements in this area since the prior fiscal year. I recommend that the authority continue to take steps to eliminate operating losses in the COCC and HCV fund. I recommend the authority develop and implement a plan to ensure that inter program loans are eliminated ASAP.

**PHA Response:** See Corrective Action Plan

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2014

## FINDING 2014-002

### FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency – HUD

CFDA # 14.850, Public Housing Program, Federal Award Year 2013 & 2014

CFDA #14.871, Housing Choice Vouchers Program, Federal Award Year 2013 & 2014

**Criteria:** Per HUD regulations, the Authority should have all deposits with any financial institution in excess of the \$250,000 FDIC coverage secured with federally guaranteed securities specifically pledged to the Authority.

**Condition:** A portion of Authority deposits held by a local bank were not collateralized with HUD approved securities. At FYE, \$121,545 of MCHA deposits were collateralized with municipal bonds and not by federal securities.

**Cause:** The Authority did not design and implement procedures and controls to ensure compliance.

**Effect:** The authority is not in compliance with HUD regulations.

**Perspective:** At FYE, the Authority reports total bank deposits of \$371,545.

**Questioned Costs:** None

**Recommendation:** I recommend that the Authority monitor the pledged securities on a monthly basis to ensure that the proper securities are in place and that the coverage amount is adequate to secure the Authority's deposits.

**PHA Response:** See Corrective Action Plan

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2014

## FINDING 2014-003

### FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency – HUD

CFDA #14.871, Housing Choice Vouchers Program, Federal Award Year  
2013 & 2014

**Criteria:** The Authority is required to document rent comparables using an up to date database of comparable unassisted units in the community per 24 CFR Section 982.

**Condition:** This is a repeat finding. The Authority is working toward completing the required database and method used for performing rent reasonableness comparables, however; as of September 30, 2014 this was not completed.

**Cause:** The Authority did not plan and implement procedures and controls to ensure compliance.

**Effect:** The Authority cannot confirm that the HAP payments to landlords are reasonable. The authority is in violation of 24 CFR Section 982.

**Questioned Costs:** None

**Perspective:** Housing Assistance Payments (HAP) for the fiscal year totaled \$222,262.

**Recommendation:** The Authority should continue to develop and implement procedures, systems and controls to ensure compliance with HUD regulations.

**PHA Response:** See Corrective Action Plan

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2014

## FINDING 2014-004

### FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency and Year – HUD CY 2013 and 2014

CFDA Title # 14.871

Program Name – Housing Choice Vouchers

**Criteria:** Annually the PHA must complete a Section Eight Management Assessment Program (SEMAP) submission. SEMAP is used by HUD to measure PHA performance and administration of the housing choice voucher program.

**Condition:** Our testing of the current year SEMAP report revealed incorrect responses by the Authority for SEMAP indicator questions, as follows:

- a). Indicator 1b – Selection from the waiting list. The PHA did not have a supervisory sample list to fully support the response to this indicator.
- b). Indicator 2a – Reasonable Rent – the PHA incorrectly responded Yes to this indicator. The PHA is in the process of building a database and method used for rent comparables. As of 9 30 2014 this was not complete.
- c). Indicator 2b – Reasonable Rent – the PHA incorrectly responded that 80 to 97% of the units sampled for quality control purposes included reasonable rent documentation.
- d). Indicator 5 – HQS Quality control (unit re-inspections) - The PHA did not have a supervisory sample list to fully support the response to this indicator.

**Cause:** Unclear

**Effect:** The Authority did not meet federal guidelines regarding SEMAP reporting.

**Questioned costs:** None

**Perspective:** The Authority administers approximately 49 vouchers.

**Auditor recommendations:** I recommend that the Authority correctly complete all future certifications.

**PHA Response:** See corrective action plan

# HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2014

## FINDING 2014-005

### FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency – HUD

CFDA # 14.850, Public Housing Program, Federal Award Year 2013 & 2014

**Criteria:** Salaries and bonuses must be in compliance with Federal Law, State Law and MCHA Policy.

**Condition:** There were no bonuses paid during the FY, so that portion of the prior finding is not repeated.

The Louisiana Legislative Auditor issued an Investigative Audit Report on 12-10-2014 which included:

Questioning of salaries paid during the fiscal year because these salaries included increases exceeding amounts allowed by Civil Service, Civil Service Rules, and MCHA policies.

**Cause:** Please see the Louisiana Legislative Auditors Investigative Audit Report issued 12-10-2014

**Effect:** MCHA apparently paid salaries in excess of those prescribed by MCHA policies, Federal and State Law.

**.Questioned costs:** \$144,887

**Perspective:** Salaries for FY 2014 totaled \$304,473.

**Auditor recommendations:** Please see the Louisiana Legislative Auditors Investigative Audit Report issued 12-10-2014

**PHA Response:** See corrective action plan



# **HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

Morgan City, Louisiana

Schedule of Prior Year Audit Findings  
Fiscal Year Ended September 30, 2014

## **FINDING F-13-1**

Finding description – Salaries and Reward and Recognition bonuses.

Current status – this is repeated as Finding 2014-005.

## **FINDING F-13-2**

Finding description – material audit adjustments required.

Current Status – this is not repeated

## **FINDING F-13-3**

Finding description – Interprogram loans

Current status – this is repeated as finding 2014-001.

## **FINDING F-13-4**

Finding description – Non-compliance with Asset Management

Current Status – this is not repeated

## **FINDING F-13-5**

Finding description – HCV tenant file deficiencies

Current status – this is not repeated.

## **FINDING F-13-6**

Finding description – Inadequate controls over HCV rent reasonableness

Current Status – this is repeated as finding 2014-003

# **HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

Morgan City, Louisiana

Schedule of Prior Year Audit Findings  
Fiscal Year Ended September 30, 2014

## **FINDING F-13-7**

Finding description – inadequate collateral over bank deposits

Current status – this is repeated as finding 2014-002

## **FINDING F-13-8**

Finding description – lease of property without HUD approval

Current Status – this is not repeated

# **HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

Morgan City, Louisiana  
Corrective Action Plan for Current Year Findings  
For Fiscal Year Ended September 30, 2014

## **FINDING 2014-001**

**Person Responsible** – Clarence Robinson, Interim Executive Director

**Anticipated Completion Date** – 9-30-2015

**Action Planned** – We will continue in our efforts to eliminate operating losses in all PHA programs and to minimize interprogram loans.

## **FINDING 2014-002**

**Person Responsible** – Clarence Robinson, Interim Executive Director

**Anticipated Completion Date** – 4-30-2015

**Action Planned** – The Authority will immediately develop and implement procedures, systems and controls to ensure compliance with regard to this HUD regulation.

## **FINDING 2014-003**

**Person Responsible** – Clarence Robinson, Interim Executive Director

**Anticipated Completion Date** – 4-30-2015

**Action Planned** – The Authority will continue to develop and implement procedures, systems and controls to ensure compliance with HUD regulations.

## **FINDING 2014-004**

**Person Responsible** – Clarence Robinson, Interim Executive Director

**Anticipated Completion Date** – 4-30-2015

**Action Planned** – The Authority will continue to develop and implement procedures, systems and controls to ensure compliance with HUD regulations.

# **HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

Morgan City, Louisiana

Corrective Action Plan for Current Year Findings (Continued)

For Fiscal Year Ended September 30, 2014

## **FINDING 2014-005**

**Person Responsible** – Clarence Robinson, Interim Executive Director

**Anticipated Completion Date** – 4-30-2015

**Action Planned** – Please see the Louisiana Legislative Auditors Investigative Audit Report issued 12-10-2014 for a thorough corrective action plan proposed by MCHA.

# **HOUSING AUTHORITY OF THE CITY OF MORGAN CITY**

Morgan City, Louisiana

Schedule of Compensation Paid to Board Members  
Fiscal Year Ended September 30, 2014

Board members serve without compensation